



Congress Passes Stimulus I — BART Creates Thousands of Jobs

BART Ready for New Jobs Bill in 2010



When Congress and President Obama acted to authorize stimulus funding legislation in early 2009 to help stabilize the nation's economy, improving our transit systems became a critical means to the current economic recovery.

The American Recovery and Reinvestment Act of 2009 (ARRA) included \$787 billion worth of appropriations and tax changes to stimulate the economy. In addition to the goals of preserving and creating jobs, the legislation invested over \$48 billion in transportation infrastructure — \$8.4 billion of which went to transit capital improvements through Federal Transit Administration (FTA) programs.

In 2009, the Metropolitan Transportation Commission (MTC) announced delivery of \$495 million of regional ARRA formula funds for the Bay Area — with over \$350 million directly supporting transit projects in the region. At BART, the stimulus legislation resulted in over \$92 million in ARRA funding:

- \$65 million through FTA's existing formula programs for critical project improvements at the **Balboa Station Walkway Safety Project**, **Pleasant Hill Crossover Project**, the **BART Tube Anodes and Cable Replacement Project**. This amount also funds a variety of rehabilitation projects to benefit riders, such as **Floor and Seat Cushion Replacement**, **Replacing Between-Car Barriers** and **Reconfiguring Car Interiors** to add capacity.
- \$10 million from ARRA has been directed by the MTC to BART for **security projects** and **feeder bus programs**.



- As a result of FTA reversing its approval of the Oakland Airport Connector project (OAC), \$70 million of stimulus funding was redistributed among Bay Area transit properties, with \$17 million going to BART capital projects. This funding will provide for rail and vehicle improvements to replace the flooring and seat cushions on 50 rail cars, rearrange seats on 100 rail cars to allow speedier passenger loading, and replace the power units on 40 BART vehicles.

All of these stimulus projects will generate more than 2,000 jobs — helping to assure that the BART system continues to contribute to the Bay Area economy.

Should a second stimulus effort or jobs bill be enacted, BART is ready with at least another \$94 million worth of shovel-ready projects to help jump-start the Bay Area economy with needed work — many ready within 90 days of grant award date.

BART Moves Closer to San Jose

Recent events are moving BART closer to serving the nation's 10th largest city. Last September, at the formal ground breaking for the BART Warm Springs Extension in Fremont, MTC chair Scott Haggerty said "We have found the way to San Jose." A \$140 million contract to construct the mile-long subway box is expected to conclude in 2013 with service to Warm Springs anticipated for 2014. No federal funds will be used for the Warm Springs project.



And in February 2010, the BART Silicon Valley Project became eligible for federal funding, a necessary financial component for building the first phase of the project, which consists of a 10-mile, two-station line from the Warm Springs station to the Berryessa district in north San Jose.

Until now, the prospect of federal money coming to the BART Silicon Valley Project was somewhat uncertain. Six years ago, FTA told the Valley Transportation Authority (VTA), which will construct the extension, that a \$6.1 billion, 16-mile line from the Warm Springs station through downtown San Jose to a terminus in the city of Santa Clara was too expensive. But with the state committing \$760 million, and Santa Clara County residents approving two local sales taxes by more than a two-thirds majority vote to pay for building and operating the trains, FTA now says VTA can compete for federal New Starts funding, which will help make the BART connection to Silicon Valley a reality.

A Message from BART's Board President and General Manager:

Dear Bay Area Delegation,

The San Francisco Bay Area Rapid Transit District (BART) continued to support the economic and commuter needs of the Bay Area in 2009. In this **2010 Report to Congress** we describe our eventful past year and the goals we hope Congress will address moving forward into the next.

BART's response to the second closing of the San Francisco-Oakland Bay Bridge last October, which could have crippled the region's mobility and economy, demonstrates the critical role it plays in the Bay Area. Without warning, Caltrans closed the bridge for six days and BART kept the Bay Area moving, by extending our operating hours and lengthening our trains. As a result, the Bay Area continued to thrive in what could have been a disastrous week.

BART's capacity to respond to crises obviously doesn't mean we don't need federal partners to help support the benefits BART brings the Bay Area. In spite of a growing deficit with plummeting tax revenues and ridership, BART remains a force supporting economic revival in the Bay Area – thanks in no small measure to the American Renovation and Recovery Act which will create over 2,000 jobs for important BART projects throughout the region.

Events of last year only reinforce BART's dramatic need to replace its aging rail cars, seek greater levels of security funding, increase efforts that would ensure our system maintain a "State of Good Repair," and make sure that transit not only helps implement a cap and trade program, but shares in the funding raised to help accomplish critical federal and state environmental goals. The economic challenges we face and the federal policies to address them will surely determine if BART and other transit agencies are able to survive to spur urban revivals in the Bay Area and throughout California.

The stakes are great. With dwindling financial support from state coffers here in California, BART seeks to build upon its partnership with Congress – through the reauthorization and additional stimulus funds – to create jobs, support livable communities and revive a stalled Bay Area economy.

Sincerely,



James Fang, Board President
District #8 San Francisco



Dorothy Dugger
General Manager



2010 BART Board of Directors (Left to Right):

Tom Radulovich, Dorothy Dugger (General Manager), Carole Ward Allen, Joel Keller, John McPartland, Bob Franklin (Vice-President), Lynette Sweet, Gail Murray, Thomas Blalock, James Fang (President).

BART Succeeds in 2009 – Despite Many Challenges

For BART, it was a challenging year -- with tragedy, tough budgetary decisions driven by historic reductions in sales tax and ridership, cost cutting, labor negotiations and important progress on expansion and renovation projects.

January – The killing of Oscar Grant at the Fruitvale Station in Oakland by a BART Police officer on New Year's Day triggered a year of review and scrutiny by the public and the BART Board. With the help of two-BART-initiated reviews and public involvement BART produces its own citizen oversight plan for its police force.

February – Congress passes and the President signs a \$778 billion stimulus package to assist a nation in economic turmoil. BART ultimately receives \$92 million in stimulus funds for shovel-ready projects that produce more than 2,000 jobs in the Bay Area.

Once again, to address the state's ongoing budget crisis, Governor Schwarzenegger proposes taking millions of dollars designated for public transit through the State Transit Assistance (STA) program. MTC projects a \$290 million loss for the Bay Area's transit agencies.

April – The BART Board approves contracting and construction for eBART – the east Contra Costa County transit extension.

May – The BART Board approves the construction of the 5.4 mile BART extension to the Warm Springs District of Fremont and awards first of two construction contracts. An important link to San Jose, it is estimated the project will result in over 26,000 direct and indirect jobs.

BART is awarded the American Marketing Association's 2009 Excellence in Digital Marketing Award.

In response to a looming four-year deficit, the BART Board approves fare hikes, less frequent service on nights and weekends and expands parking fees.

June – The FTA releases its Rail Modernization Study which concludes that the seven largest rail systems (including BART) are in desperate need of funding in order to return to a "State of Good Repair." It recommends that Congress appropriate dramatic additional funding (\$50 billion) over the next three reauthorization efforts.

July – Governor Schwarzenegger signs a '09-'10 budget that zeros out transit operations funding in the state. BART loses \$52 million in operating funds.

August – After lengthy negotiations, BART reaches labor agreement with unions that will reduce costs by \$100 million over four years.

With a limited trial rollout, BART Moves closer to use of TransLink fare payments.

The BART Board unanimously approves its own citizen police oversight model to establish an independent auditor and citizen review committee. Assemblyman Sandré Swanson agrees to author legislation to authorize BART to move forward with the plan.

As the transit agency's first federal stimulus funded project, BART breaks ground to improve access at the Balboa Park Station in San Francisco.

September – Caltrans closes the San Francisco-Oakland Bay Bridge for four days over Labor Day weekend to finish a key component of the new Eastern Span. BART extends hours and service and breaks a ridership record for a bridge closing.

The California Supreme Court hands state transit operators a victory – agreeing with the California Transit Association (CTA) suit to restore funding diverted to the state's General Fund and away from historic state transit operating programs.

October – BART provides extra trains and service hours to accommodate record crowds as Caltrans unexpectedly closes the Bay Bridge for six days to make emergency repairs.

November – BART seeks additional public comment on the environmental report to extend BART to the City of Livermore.

December – BART expands wireless access to its Transbay Tube.

BART Federal Goals for 2010

Reauthorization

Major transit systems in American metropolitan areas are in need of significant re-investment. BART supports the APTA request for an increase in overall transit funding to \$123 billion in the next Surface Transportation Authorization Act.

The largest eleven passenger rail systems in the country carry 60% of total annual trips nationally and are in the center of efforts to assist in the development of sustainable and livable communities. Yet these critical systems receive only 46% of available federal funding. Last year FTA released its **Rail Modernization Study** which found a capital backlog exceeding \$50 billion for the State of Good Repair of the seven properties studied in the report – which included BART – and an \$80 billion backlog for all systems in the nation. As the House Jobs Bill (H.R. 2847) directly focused on the needed repairs by transit systems, Congress must also continue to respond to this urgent need in any upcoming reauthorization effort.



Stimulus

Through regional MTC distribution BART received stimulus funding from the ARRA legislation which pumped funding to projects that created, retained, or will create over 2,000 jobs in the Bay Area.

As jobless numbers across the nation remain high, Congress continues to debate ways to jump-start the economy and create jobs. The House Jobs bill moved in a positive direction by directing \$8.4 billion to public transit, with \$1.75 billion going to Rail Modernization to address the significant State of Good Repair concerns recently identified by the FTA. APTA has pointed to more than \$15 billion in public transportation capital projects that can be under contract within 90 days, should there be another significant effort to stimulate job creation in Congress. Transit remains a good investment for the Bay Area, because every \$1 invested in public transportation – according to APTA – generates \$4 in economic returns. BART is ready with shovel-ready projects totaling \$94 million that can soon help create an additional 2,000 Bay Area jobs.



Cap & Trade Legislation

BART has been a strong advocate for legislation to limit the emissions of greenhouse gases (GHG) in the state and at the federal level. Because public transit will assist this important goal, BART has consistently supported efforts to include a funding stream for transit. BART, the California Transit Association (CTA) and APTA have all supported efforts in Congress to distribute revenue from the auction of emissions allowances to “green” transportation investment.

While the forecast for movement on such significant legislation remains uncertain, BART presently supports provisions included in S. 1733 (Kerry-Boxer) that would set aside a specific percentage (based on Environmental Protection Agency estimates) valued between \$1.4 billion and \$3 billion in *additional* annual revenue for transportation investment to assist GHG reduction goals.

Transit Security

Providing adequate federal funds to improve passenger rail security remains a challenge for California transit agencies. BART still has more than \$200 million in immediate needs to enhance security. BART priorities include establishing an offsite Integrated Security Response/Emergency

Operations Center, hardening critical infrastructure, and adding closed circuit television and intrusion alarms to BART’s most vulnerable tunnels, underground facilities, and intermodal transit hubs.

BART receives an average of only \$12 million annually from the Department of Homeland Security (DHS). In order for BART to address actual security needs, Congress should fully appropriate the levels of funding authorized in the law implementing the transit security recommendations of the 9/11 Commission. The legislation authorizes \$1.1 billion for transit security grants in FY11. While appropriating the fully authorized amount will be difficult in the current climate, BART is hopeful Congress will appropriate at least the same level that was appropriated in FY09 – \$400 million. FY10 funding was only \$300 million.

LILLO/SILO Transactions

Encouraged by the FTA in the 1990’s, transit agencies participated in complex tax shelter arrangements known as “leasebacks” that allowed the sale of railcars and other equipment to banks, who then could lease them back to the transit agencies. This allowed banks to get tax deductions and transit agencies to modernize and make safety improvements with limited budgets. These transactions, however, set off a variety of problems when the financial markets crashed in 2008 – causing potential defaults of loans by transit agencies when the guarantors of the transactions lost their AAA rating.

Although BART was not a major participant in such transactions, BART could still lose \$20 million should its guarantor’s credit rating drop further. Therefore, BART supports legislation by Senator Robert Menendez (S. 1341) and Rep. John Lewis (H.R. 3439) that would effectively stop any demands for default penalties by levying a 100 percent excise tax on lump-sum payments demanded by the banks.



Federal Safety Regulation

Since its inception, BART has demonstrated a strong commitment to passenger and worker safety. However, several well-publicized national rail incidents during the past year have brought passenger safety to the forefront. Because of this, the Obama Administration has proposed legislation seeking to ensure a higher federal safety standard for all rail transit systems in the nation. The proposed plan is likely to be considered in the context of the surface transportation reauthorization debate. BART supports efforts to ensure greater rail safety, but adequate federal funding to support parallel safety and training efforts is essential if rail systems are not to become overburdened in these difficult economic times.

Continued on next page.



Federal Goals continued: After Decades of Service, Over \$3 Billion Needed for New BART Vehicles

After almost four decades of serving the Bay Area, BART rail vehicles are quickly approaching the end of the line. Renovation is not a real option. They must be replaced – at between \$3 million to \$5 million a car. That is a staggering price tag for 700 new vehicles of roughly \$3.4 Billion dollars! This is the most significant capital project in BART's history and will take more than 12 years to complete.

MTC projects that BART ridership will be more than 500,000 riders a day by 2035. These riders should have access to rail cars with greater energy efficiency, comfort and capacity. Vehicles that hold more riders will get more people out of their polluting cars and help us to meet our GHG reduction goals. The new BART vehicles will have:

- Faster boarding, greater passenger capacity, made possible by adding a third door on each side
- Reduced energy consumption
- Modern, clean interiors with new seat and floor material

- Increased energy efficiency with LED lighting and modern heating and cooling systems
- Improved passenger communication with better signs and automated announcements

The MTC has recognized the critical need to help BART identify the first billion dollars (Phase I) to replace the cars from a mix of BART and existing federal formula funds. The remaining \$2.4 billion (Phase II) funding has yet to be identified, however the current available and projected funding is simply not adequate even to meet a state of good repair to keep a transit system like BART operating as it should.

BART needs a new federal commitment now if it is to continue serving the Bay Area's economic and commuter needs into the future. BART is seeking the support of its Congressional Delegation for critical Phase II funding to help replace its rail vehicle fleet.



California Abandons Support for Public Transit – Systems Face Growing Deficits, Cut Backs

In these difficult economic times, Congressional support for public transit is increasingly important. For Members of the Bay Area Delegation, the challenge is compounded by the fact that California continues to block critical state funding for their constituents' transit systems. The CTA estimates that over the last four state budget cycles nearly \$5 billion has been diverted from the state's Public Transportation Account (PTA) in order to help balance the state's on-going General Fund deficits. These funding diversions have included:

- \$2.850 billion from the **State Transit Assistance (STA)** program which goes for transit operations and capital costs; and
- \$2.084 billion from the **State Transportation Improvement Program (STIP)**

Along with plummeting tax revenues and dwindling ridership, such state funding cuts have resulted in BART and other Bay Area transit systems having to raise fares, cut service and eliminate jobs.

Even with a state Supreme Court victory last year which challenged the legality of this transit funding confiscation, the Governor's 2010-11 State Budget now proposes to again raid transit funds by changing the gas tax, which supplies funds to transit and transportation programs, to an excise tax so he can spend the revenue through the General Fund. As a result of years of funding cuts, state transit agencies, local governments and labor organizations have decided to seek a statewide initiative to prohibit future funding diversions from local coffers.

BART System Map



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